



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, OH 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the Washington-Centerville Public Library, Montgomery County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2001 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 16, 2001

WASHINGTON -CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>GOVERNMENTAL FUND TYPES</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash receipts:					
Property and Other Local Taxes	\$1,461,083				\$1,461,083
Other Government Grants-In-Aid	2,843,690				2,843,690
Patron fines and fees	146,934				146,934
Earnings on investments	377,534				377,534
Contributions, gifts and donations	1,480				1,480
Miscellaneous receipts	8,571		\$271,394		279,965
Total cash receipts	<u>4,839,292</u>		<u>271,394</u>		<u>5,110,686</u>
Cash disbursements:					
Current:					
Salaries and benefits	2,513,976				2,513,976
Purchased and contracted services	722,922		4,200		727,122
Other objects	702,976				702,976
Capital outlay	84,202		152,526		236,728
Total cash disbursements	<u>4,024,076</u>		<u>156,726</u>		<u>4,180,802</u>
Total cash receipts over/(under) cash disbursements	<u>815,216</u>		<u>114,668</u>		<u>929,884</u>
Other financing receipts/(disbursements):					
Transfers-in			375,000		375,000
Transfers-out	(375,000)				(375,000)
Total other financing receipts/(disbursements)	<u>(375,000)</u>		<u>375,000</u>		<u>0</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	440,216		489,668		929,884
Fund cash balances, January 1	<u>3,494,732</u>	<u>\$2,250,186</u>	<u>1,060,622</u>	<u>1,150</u>	<u>6,806,690</u>
Fund cash balances, December 31	<u>\$3,934,948</u>	<u>\$2,250,186</u>	<u>\$1,550,290</u>	<u>\$1,150</u>	<u>\$7,736,574</u>
Reserves for encumbrances, December 31	<u>\$613,777</u>	<u>\$0</u>	<u>\$135,896</u>	<u>\$0</u>	<u>\$749,673</u>

The notes to the financial statements are an integral part of this statement.

WASHINGTON - CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>GOVERNMENTAL FUND TYPES</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash receipts:					
Property and Other Local Taxes	\$1,429,530				\$1,429,530
Other Government Grants-In-Aid	2,692,170				2,692,170
Patron fines and fees	120,364				120,364
Earnings on investments	393,968				393,968
Contributions, gifts and donations	55				55
Miscellaneous receipts	22,117				22,117
Total cash receipts	<u>4,658,204</u>				<u>4,658,204</u>
Cash disbursements:					
Current:					
Salaries and benefits	2,095,859				2,095,859
Purchased and contracted services	1,415,771		45,764		1,461,535
Other objects	5,979				5,979
Capital outlay	95,663		742,956		838,619
Total cash disbursements	<u>3,613,272</u>		<u>788,720</u>		<u>4,401,992</u>
Total cash receipts over/(under) cash disbursements	<u>1,044,932</u>		<u>(788,720)</u>		<u>256,212</u>
Other financing receipts/(disbursements):					
Transfers-in			345,000		345,000
Transfers-out	(345,000)				(345,000)
Total other financing receipts/(disbursements)	<u>(345,000)</u>		<u>345,000</u>		<u>0</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	699,932		(443,720)		256,212
Fund cash balances, January 1 (as restated - see note 4)	<u>2,794,800</u>	<u>\$2,250,186</u>	<u>1,504,342</u>	<u>1,150</u>	<u>6,550,478</u>
Fund cash balances, December 31	<u>\$3,494,732</u>	<u>\$2,250,186</u>	<u>\$1,060,622</u>	<u>\$1,150</u>	<u>\$6,806,690</u>
Reserves for encumbrances, December 31	<u>\$502,946</u>	<u>\$0</u>	<u>\$31,555</u>	<u>\$0</u>	<u>\$534,501</u>

The notes to the financial statements are an integral part of this statement.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington-Centerville Public Library, Montgomery County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Centerville City School District. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Special Operating Fund.- This fund receives transfers from the General Fund to be held in reserve to cover future operating expenses.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project funds.

Building Fund.- This fund receives transfers from the General Fund for building repairs and improvements.

Permanent Improvement Fund.- This fund receives transfers from the General Fund for purchases of equipment.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

Washington-Centerville Public Library Endowment Fund (Expendable Trust) - This fund receives investment income and donations.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$49,569	\$42,376
Certificate of Deposit	<u>2,007,500</u>	<u> </u>
Total deposits	<u>2,057,069</u>	<u>42,376</u>
Treasury Notes	3,221,109	5,682,274
STAR Ohio	709,822	667,604
Other securities	<u>1,748,074</u>	<u>413,936</u>
Total investments	<u>5,679,005</u>	<u>6,763,814</u>
Total deposits and investments	<u><u>\$7,736,074</u></u>	<u><u>\$6,806,190</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Petty Cash: In addition to deposits and Investments, the Library maintains a petty cash fund of \$500.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,839,292	\$4,839,292	\$0
Special Revenue	0	0	0
Capital Projects	646,394	646,394	0
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$5,485,686</u></u>	<u><u>\$5,485,686</u></u>	<u><u>\$0</u></u>

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

3. BUDGETARY ACTIVITY (continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,393,931	\$5,012,853	\$1,381,078
Special Revenue	0	0	0
Capital Projects	579,705	292,622	287,083
Fiduciary	0	0	0
Total	<u>\$6,973,636</u>	<u>\$5,305,475</u>	<u>\$1,668,161</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,271,201	\$4,658,204	\$387,003
Special Revenue	120,000	0	(120,000)
Capital Projects	345,000	345,000	0
Fiduciary	0	0	0
Total	<u>\$4,736,201</u>	<u>\$5,003,204</u>	<u>\$267,003</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,274,337	\$4,461,218	\$813,119
Special Revenue	0	0	0
Capital Projects	1,057,672	820,275	237,397
Fiduciary	1,150	0	1,150
Total	<u>\$6,332,009</u>	<u>\$5,281,493</u>	<u>\$1,050,516</u>

4. PRIOR PERIOD ADJUSTMENT

As of December 31, 1998, the cash balance of the Expendable Trust Fund was \$9,976, which were funds maintained at the Dayton Foundation, Inc. (the 'Foundation'). In 2000, the Library amended the agreement with the Foundation to clarify that of these funds, \$8,826 was not public funds, thereby reducing the fiduciary fund balance to the \$1,150. The funds are to be administered and held by the Foundation and used for the exclusive purposes to benefit the Library.

5. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(CONTINUED)**

5. GRANTS-IN-AID AND TAX RECEIPTS (continued)

its allocation of these funds to the Library on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. Beginning in 2000, the Library contributes the employee's share (for those employees working more than 25 hours a week). The Library contributed an amount equal to 13.55% of participants' gross salaries for January 1999 thru June 2000, and 8.13% for July 2000 thru December 2000. The Library has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, OH 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the Washington-Centerville Public Library, Montgomery County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 16, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 16, 2001.

Washington-Centerville Public Library
Montgomery County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 16, 2001



STATE OF OHIO
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WASHINGTON-CENTERVILLE PUBLIC LIBRARY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2001**